Medicare Marketplace and Industry Trends 2020

Presented By:

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Senior Market Sales, Inc.

House-Keeping

- To receive Credit, Make sure you have **COMPLETELY** filled out the sign in sheet you were given.
  (Missing information will delay you're credits while I try and track you down)

- Just go ahead and shut off your phone or set it to stun now out of courtesy to everyone who's here today.

- Breaks will be 10 minutes long. Please be back in your seat ready to start at the 10 minutes mark.

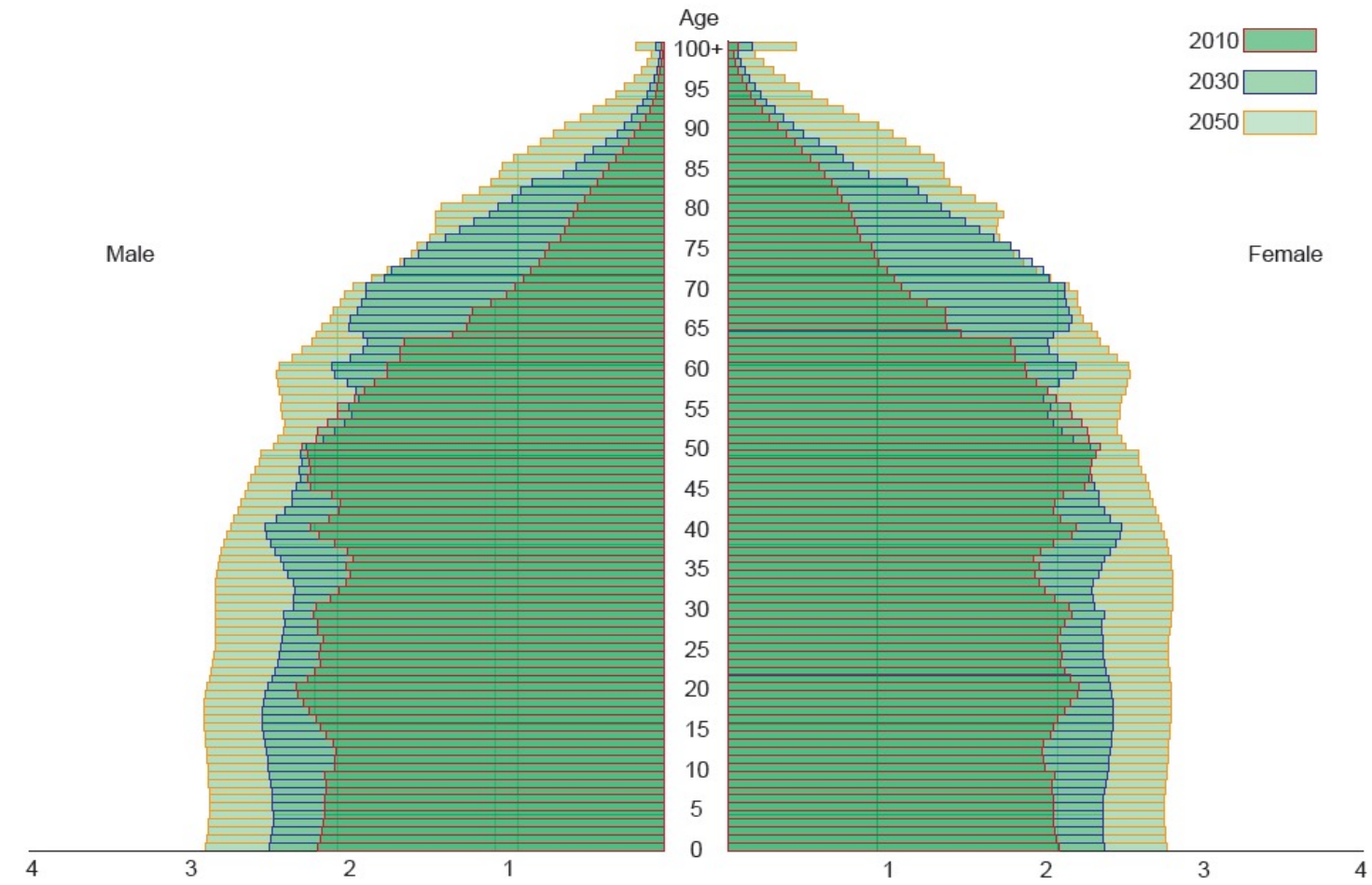
- Let's get started!

US Population Projections

Figure 6. Age and Sex Structure of the Population for the United States: 2010, 2030, and 2050

2008 National Projections

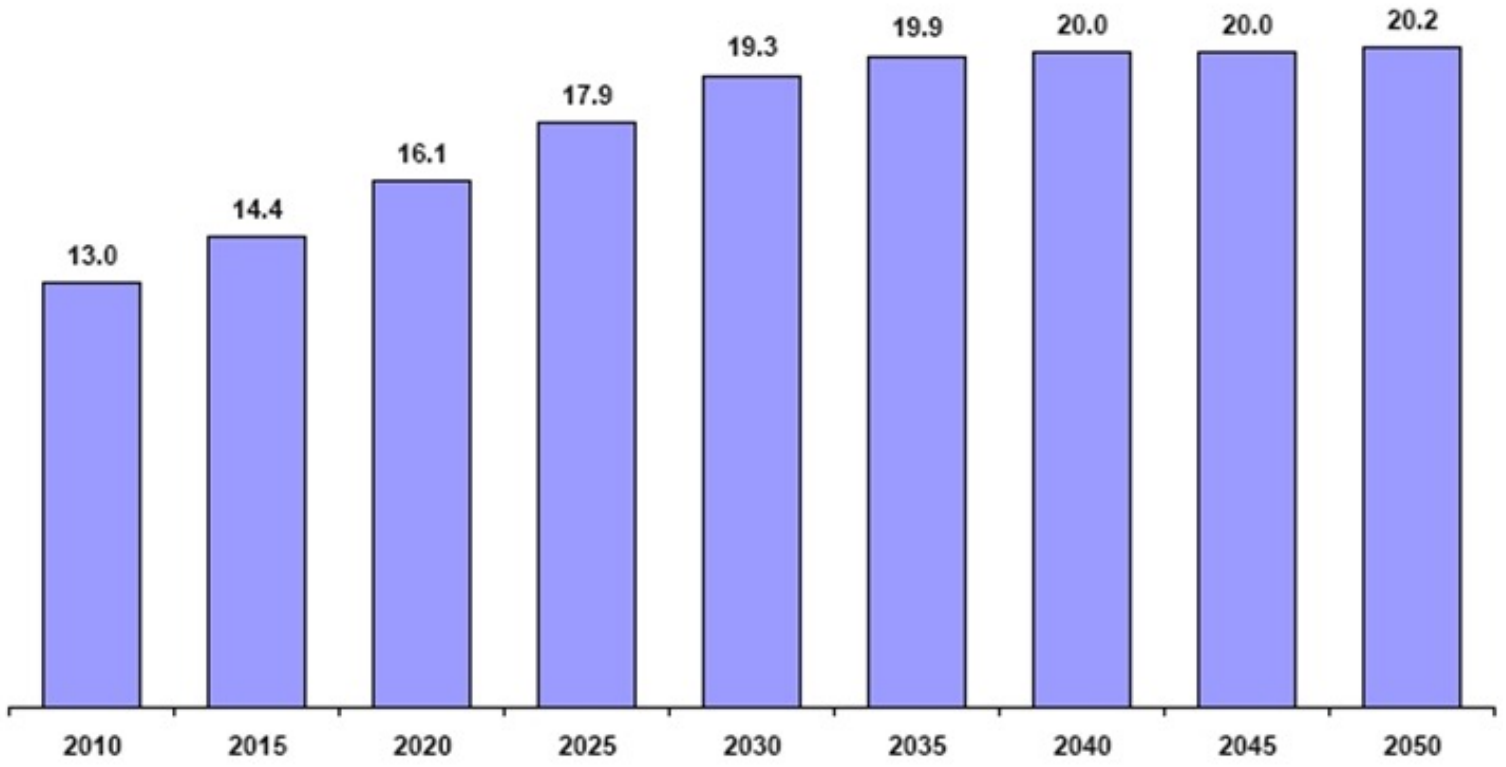
(In millions)



Source: U.S. Census Bureau, 2008.

US Population Projections

Projected Percent of the U.S. Population Aged 65 and Older: 2010 to 2050

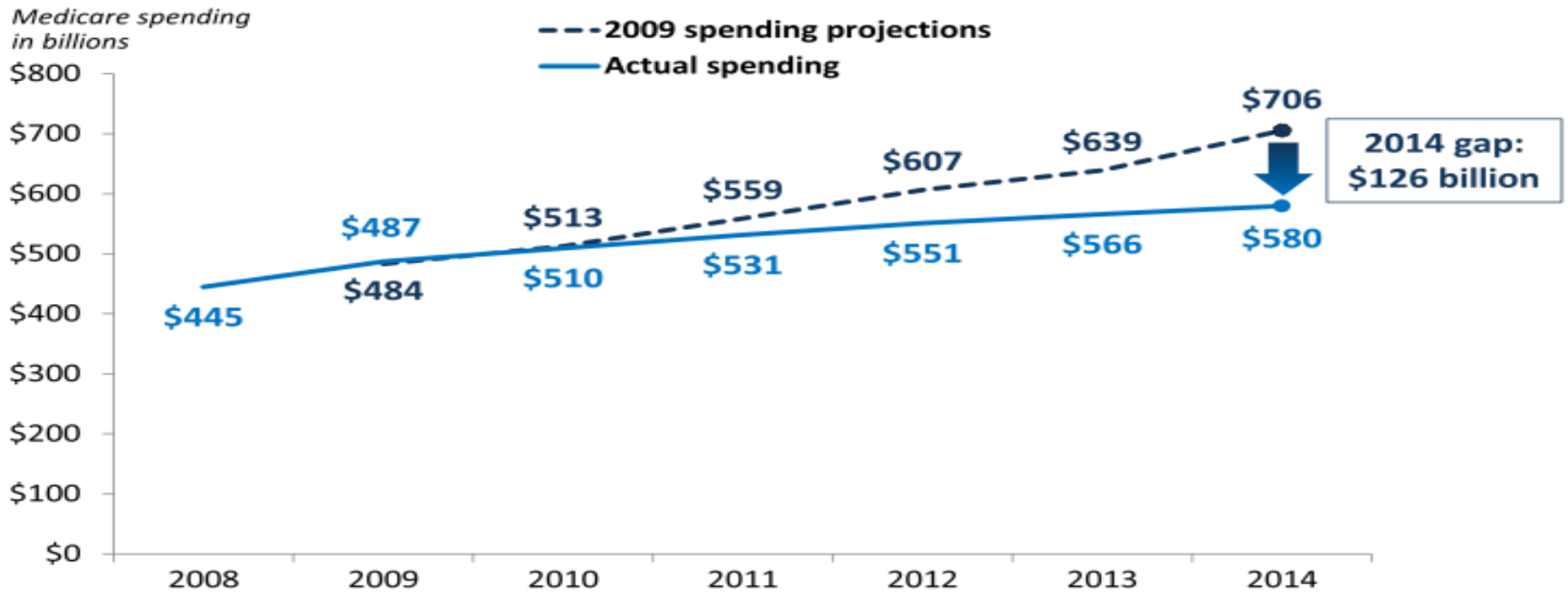


Source: Population Division, U.S. Census Bureau
Released: August 14, 2008

Medicare Spending: Projections vs. Reality

Exhibit 2

The Medicare spending trajectory flattened beginning in 2010; 2014 spending is $126 billion lower than was projected in 2009



NOTE: Medicare spending equals payments for benefits, net of recoveries from providers for improper payments, adjusted for shifts in the timing of capitated payments. Years are federal fiscal years, which run from October through September.
SOURCE: RAND/Kaiser Family Foundation analysis of Congressional Budget Office, baseline projection and actual Medicare benefit payments, various years.

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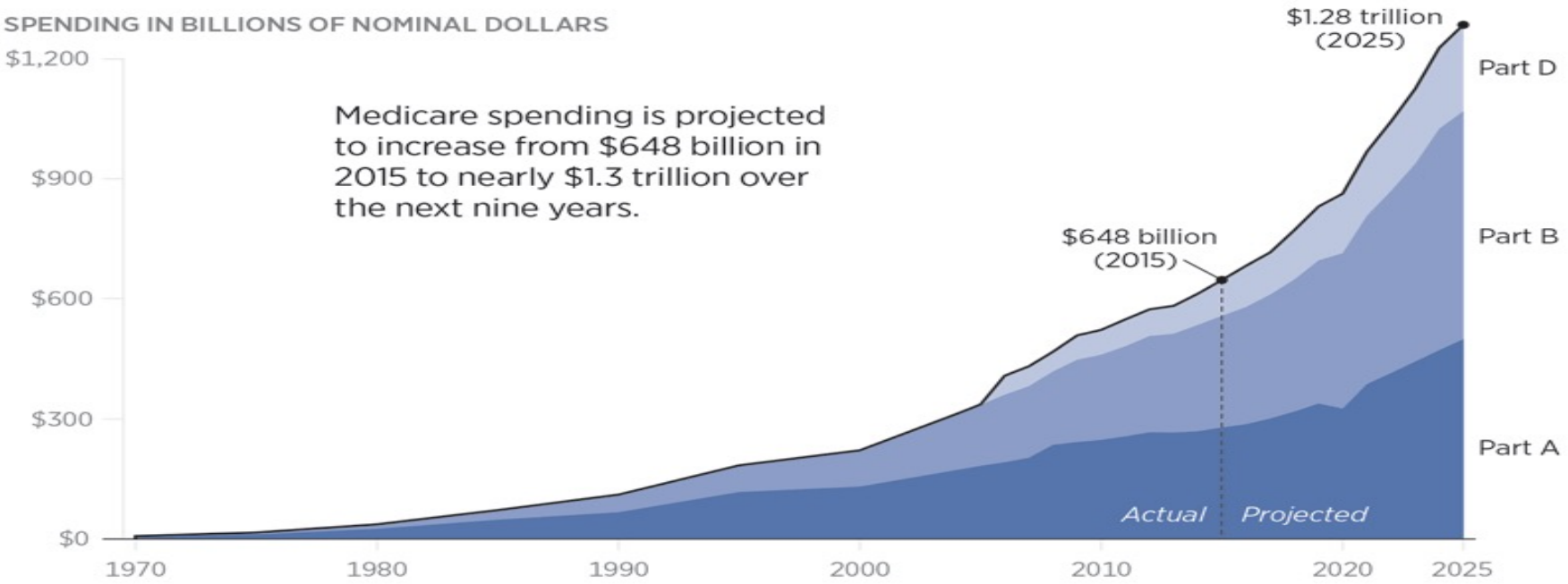
Exhibit 2: The Medicare spending trajectory flattened beginning in 2010; 2014 spending is $126 billion lower than was projected in 2009

Medicare Spending: Projections vs. Reality

CHART 3

Medicare Spending: $1.3 Trillion in 2025



SOURCE: Centers for Medicare and Medicaid Services, "2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," Table III.B4, p. 56, Table III.C4, p.88, Table III.D3, p. 107, and Table V.B1, p. 180, June 22, 2016, https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2016.pdf (accessed July 20, 2016).

- **Skilled Nursing Facility Care**
  - After 3-day minimum inpatient hospital stay for related illness or injury. It must be skilled care and condition must continue to improve.

NAHU and recent legislative efforts to change this (next slide)

Source: Medicare and You 2014. www.Medicare.gov.

Skilled Nursing Facility Care

- Rep. Jim Renacci (OH) introduced a bill to amend title XVIII of the Social Security Act to eliminate the 3-day prior hospitalization requirement for Medicare coverage of skilled nursing facility services in qualified skilled nursing facilities, and for other purposes..
- H.R. 290 Creating Access to Rehabilitation for Every Senior (CARES) Act.
- The CARES Act will enhance access to quality care for our nation's seniors by protecting the doctor-patient relationship and removing barriers to their health care." **Seniors many times are unaware of their inpatient or outpatient status while in the hospital and, as a result, are often left on the hook for thousands of dollars in medical bills after their SNF stay**.
- Eliminating the three-day stay requirement is not only supported by seniors, it is also supported by medical professionals throughout the country

C.A.R.E.S. Act Status update

H.R.1215 - Protecting Access to Care Act of 2017

115th Congress (2017-2018) | Get alerts

BILL Hide Overview ✖

Sponsor:	Rep. King, Steve [R-IA-4] (Introduced 02/24/2017)
Committees:	House - Judiciary; Energy and Commerce | Senate - Judiciary
Committee Reports:	H. Rept. 115-55
Latest Action:	Senate - 06/29/2017 Received in the Senate and Read twice and referred to the Committee on the Judiciary. (All Actions)
Roll Call Votes:	There have been 4 roll call votes

Tracker:

Introduced | **Passed House** | Passed Senate | To President | Became Law

No movement since June 2017 as of March 2020

https://www.congress.gov/bill/115th-congress/house-bill/1215

Medicare Advantage Plans Proliferation in 2019, Increasing Competition

- Medicare Advantage (MA) competition increased significantly for plan year 2019 as over **400** new options hit an already-crowded market, Data sourced from Kaiser Family Foundation (KFF).

- More than **2700** different MA plans were available Nationwide in 2019, forcing Carriers to differentiate their offerings and include new benefits that can attract and retain choosy consumers.

https://healthpayerintelligence.com/news/medicare-advantage-plans-proliferate-in-2019-raising-competition

Medicare Advantage Plans Proliferation in 2019, Increasing Competition

- In 2019, 14 Carriers entered the MA market for the first time. Seven Carriers offered HMO plans, eight are offered at least one SNP, and one offered a local PPO plan.

- Five MA insurers exited the MA market in 2019, including those offering small health plans sponsored by local community and religious groups.

https://healthpayerintelligence.com/news/medicare-advantage-plans-proliferate-in-2019-raising-competition

New in 2021 MA ESRD Coverage Requirements

- Overall, more than 500,000 Medicare beneficiaries have End-Stage Renal Disease (ESRD)
- Most Medicare beneficiaries with ESRD currently are required to receive coverage through Traditional Fee-for Service (FFS) Medicare.
- Medicare spends considerably more on beneficiaries with ESRD compared to other enrollees.

https://www.cms.gov/newsroom/fact-sheets/2021-medicare-advantage-and-part-d-advance-notice-part-ii-fact-sheet-0

21st Century Cares Act

- Amended the Social Security Act to allow all Medicare-eligible individuals with ESRD to enroll in MA plans beginning January 1, 2021.
- The Cures Act also mandated that MA organizations will no longer be responsible for organ acquisition costs for kidney transplants for MA beneficiaries, and such costs will be excluded from MA benchmarks
- PACE organizations will continue to cover organ acquisition costs for kidney transplants, and CMS will continue to include the costs for kidney acquisitions in PACE payment rates.

https://www.cms.gov/newsroom/fact-sheets/2021-medicare-advantage-and-part-d-advance-notice-part-ii-fact-sheet-0

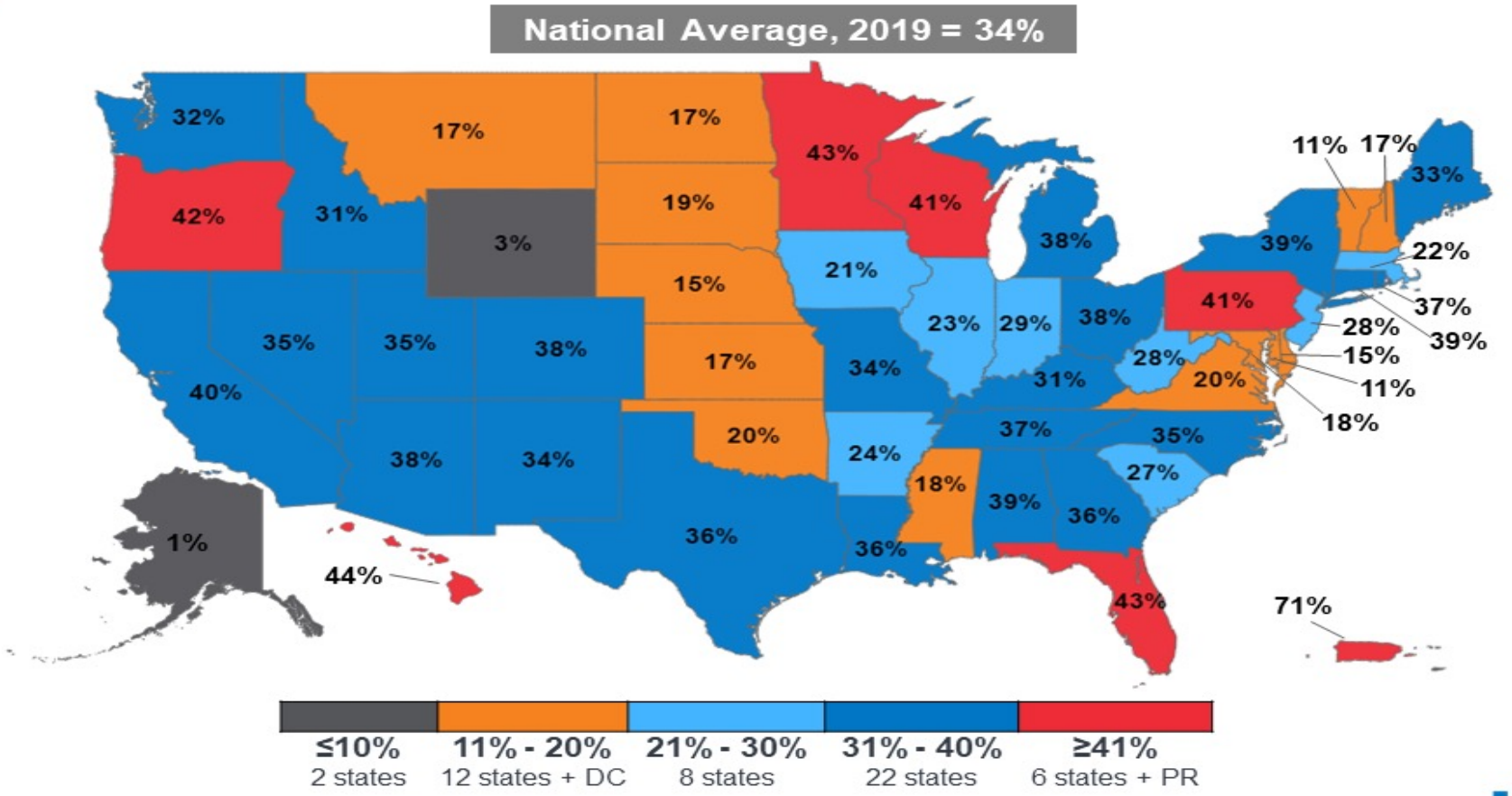
ESRD to Impact MAPD Pricing

- 21st Century Cures Act mandates ESRD is included in MAPD offerings in 2021
- Excludes transplants but annual treatments exceed $100,000
- MOOP to increase from $6,700 to $8,400 in 2022
- Funding gap estimated at $10k - $12k annually

MA Penetration Rates

Figure 2

Medicare Advantage Penetration, by State, 2019



NOTE: Includes cost plans, as well as other Medicare Advantage plans. Excludes beneficiaries with unknown county addresses.
SOURCE: Kaiser Family Foundation analysis of CMS State/County Market Penetration Files, 2019.

KFF
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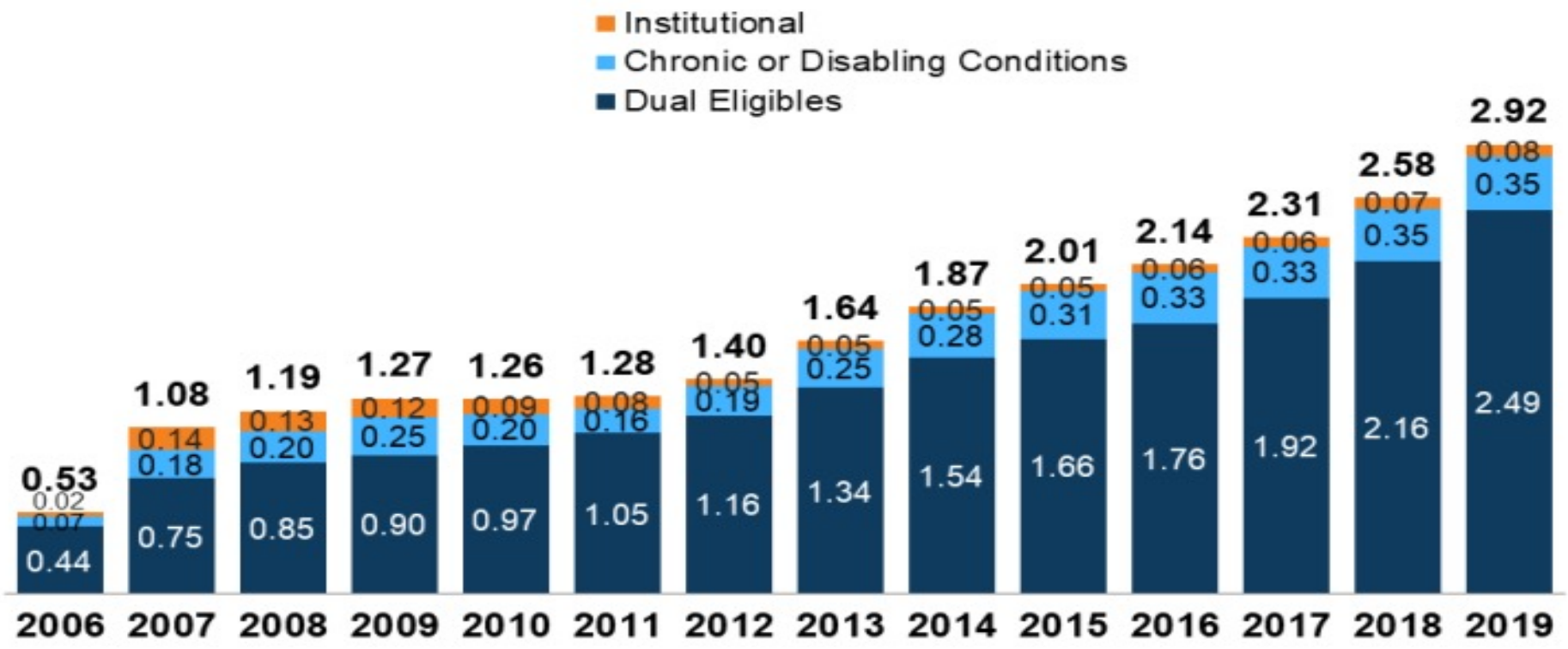
D-SNP Expansion

Figure 12

Number of Beneficiaries in Special Needs Plans, 2006-2019
(in millions)



NOTE: Numbers may not sum to the total due to rounding. Includes enrollment in Puerto Rico.
SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment Files, 2006-2019.

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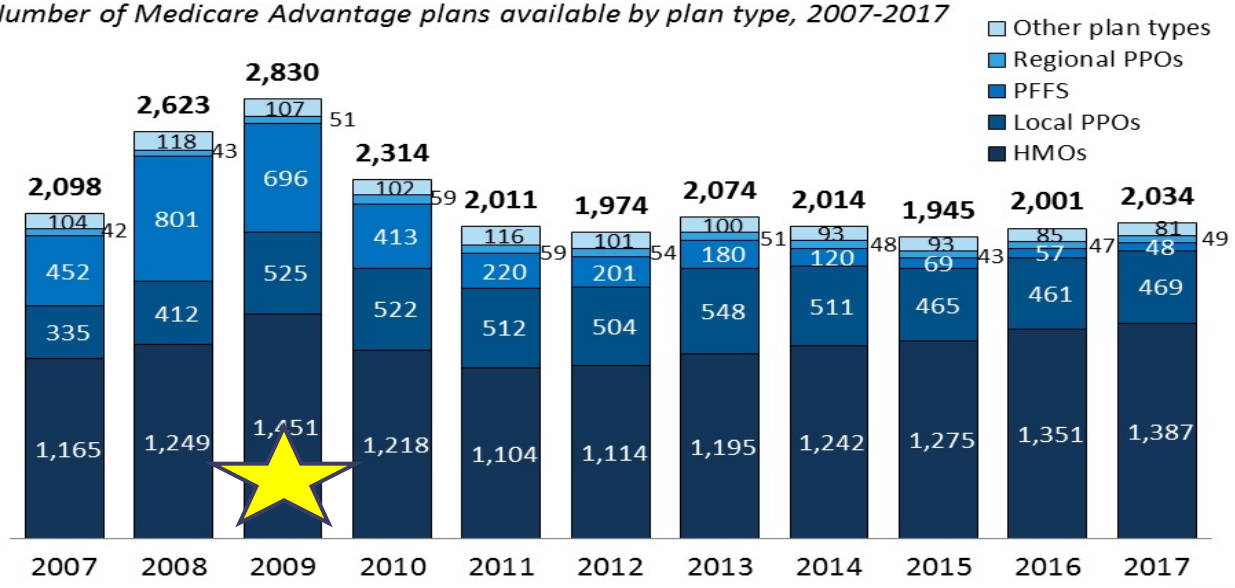
Part C Medicare Advantage (MA)

2,034 plans were available nationwide in 2017
2,700 were available in 2019!

Figure 1

Since 2011, the total number of Medicare Advantage plans available has been relatively stable

Number of Medicare Advantage plans available by plan type, 2007-2017



2,700 in 2019

NOTE: Excludes SNPs, employer-sponsored (i.e., group) plans, demonstrations, HCPPs, PACE plans, and plans for special populations. Other category includes cost plans and Medicare MSAs.
SOURCE: Authors' analysis of CMS's Landscape Files for 2007 – 2017.

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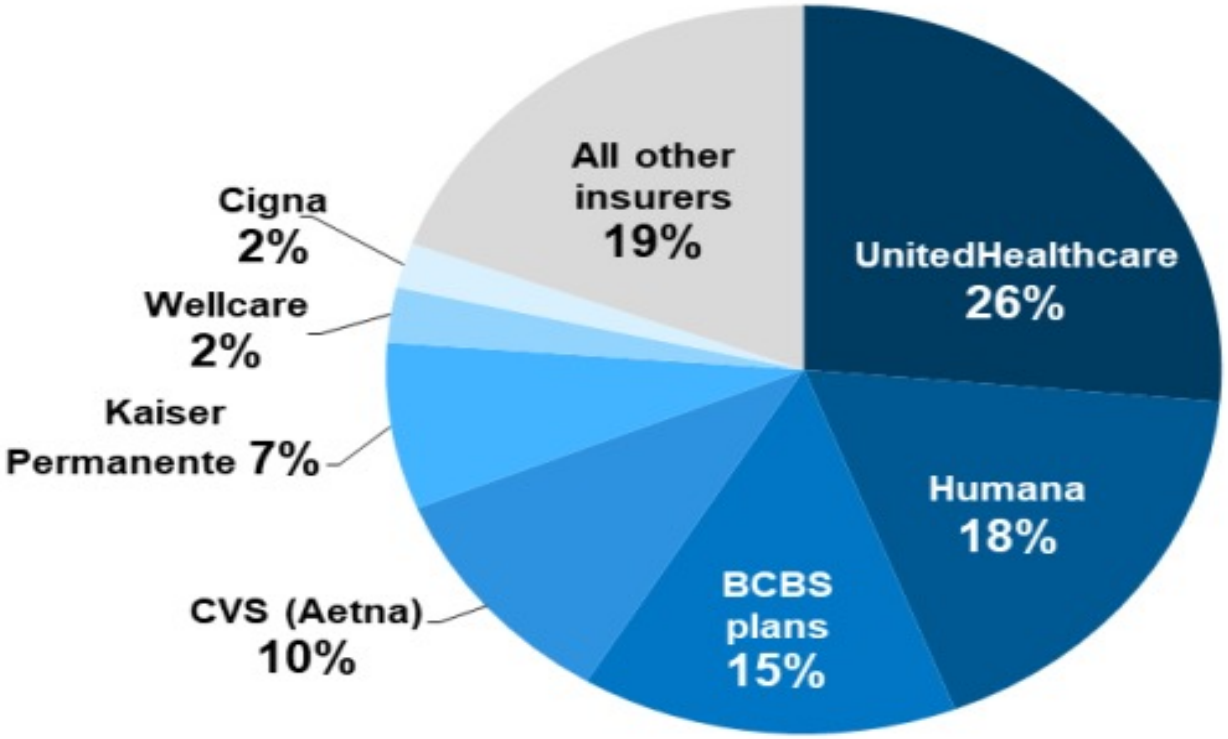
MA Expansion 2019

Figure 4

Medicare Advantage Enrollment by Firm or Affiliate, 2019



Total Medicare Advantage Enrollment, 2019 = 22 Million

NOTE: All other insurers includes firms with less than 2% of total enrollment. BCBS are BlueCross and BlueShield affiliates and includes Anthem BCBS plans. Anthem non-BCBS plans is less than 2% of total enrollment.
Percentages may not sum to 100% due to rounding.
SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment Files, 2019.

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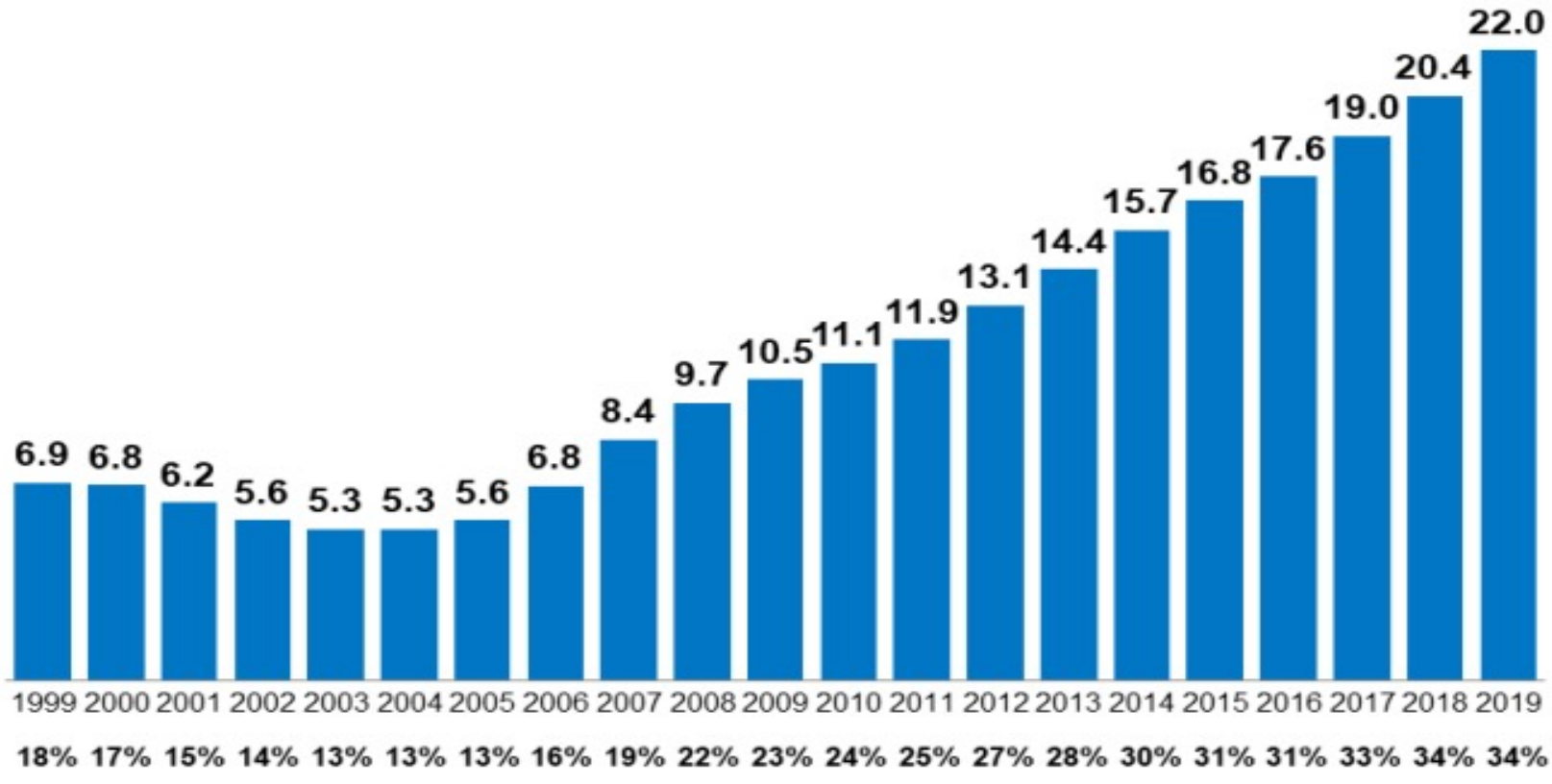
MA Trend

Figure 1

Total Medicare Advantage Enrollment, 1999-2019
(in millions)



NOTE: Includes cost plans as well as Medicare Advantage plans. About 64 million people are enrolled in Medicare in 2019.
SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment Files, 2008-2019, and MPR, 1999-2007; enrollment numbers from March of the respective year, with the exception of 2006, which is from April.

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What Changes Have We Already Seen?

- Major focus on Plans G and N
- Continued focus on Underwritten business being the Battleground for the lowest Rates
  - Fast Start Promotions and Cash for apps promotions are much more heavily weighed to reward UW business rather than OE or GI
- Shift in Rate structures
  - No more shooting for #1 lowest rate in the quoting tools, now its be just a little lower than the **“lowest named”** competitor.
- Plan Innovations – next slide

Innovative Plan F – Plan F Extra – Innovative F HDG, HDF, Innovative G etc.…

- The Medicare Supplement Innovative Plan F does not change the standardization of the Plan F, but simply offers - Additional benefits and services AKA "Value Adds"

- It covers all the benefits offered by traditional Plan F but also includes Vision and Hearing benefits, Gym memberships, discounts and more.

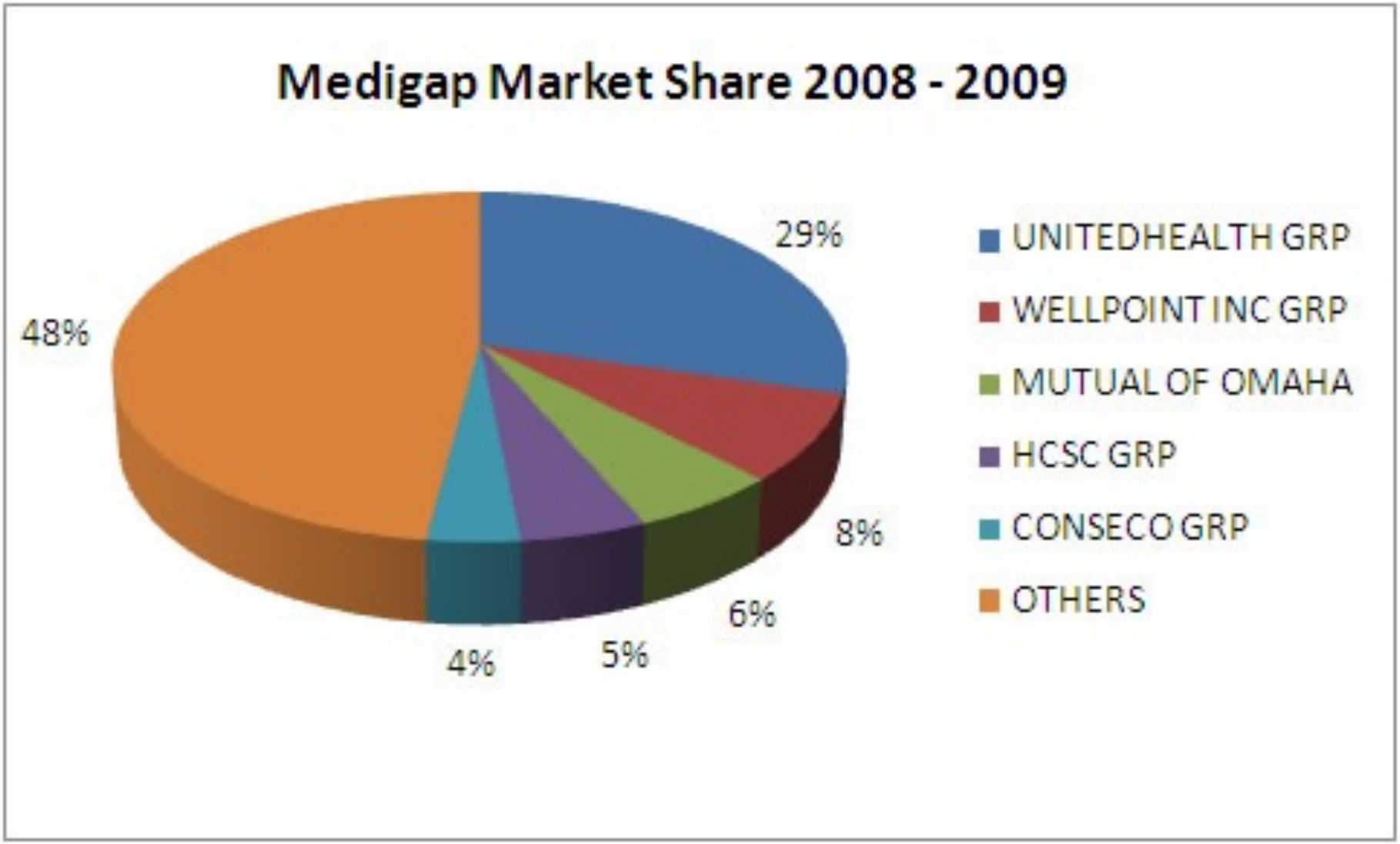
- An example of what I think is one of the most noteworthy addition to Innovative F is a $750 hearing aid benefit. Lets look on the next slide.

Everything including the Kitchen Sink…

Medicare Supplement Innovative Plan F benefits can include, but not limited to:

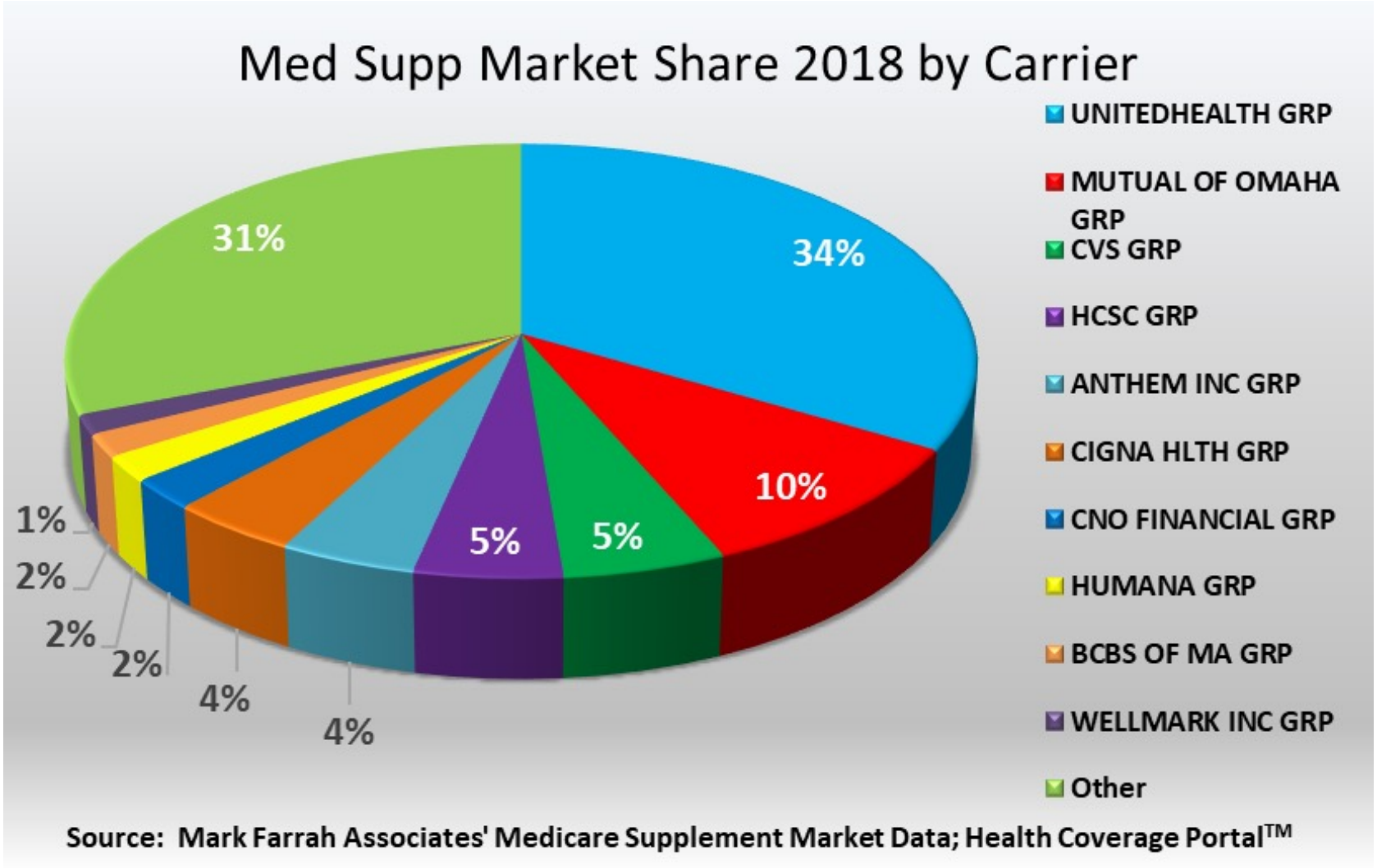
- 24 hour Nurse Hotline
- Annual Physical Exam
- Dental Care
- Vision Care
- Annual Hearing Exam
- Drug Discount Card
- Gym Memberships
- Chiropractor discounts
- Acupuncture Discounts

Med Supp Expansion 2008



http://www.markfarrah.com/healthcare-business-strategy/New-Medicare-Opportunities-with-Medigap.aspx

Med Supp Expansion 2018



https://www.markfarrah.com/mfa-briefs/medicare-supplement-enrollment-up-nearly-4-in-2018/

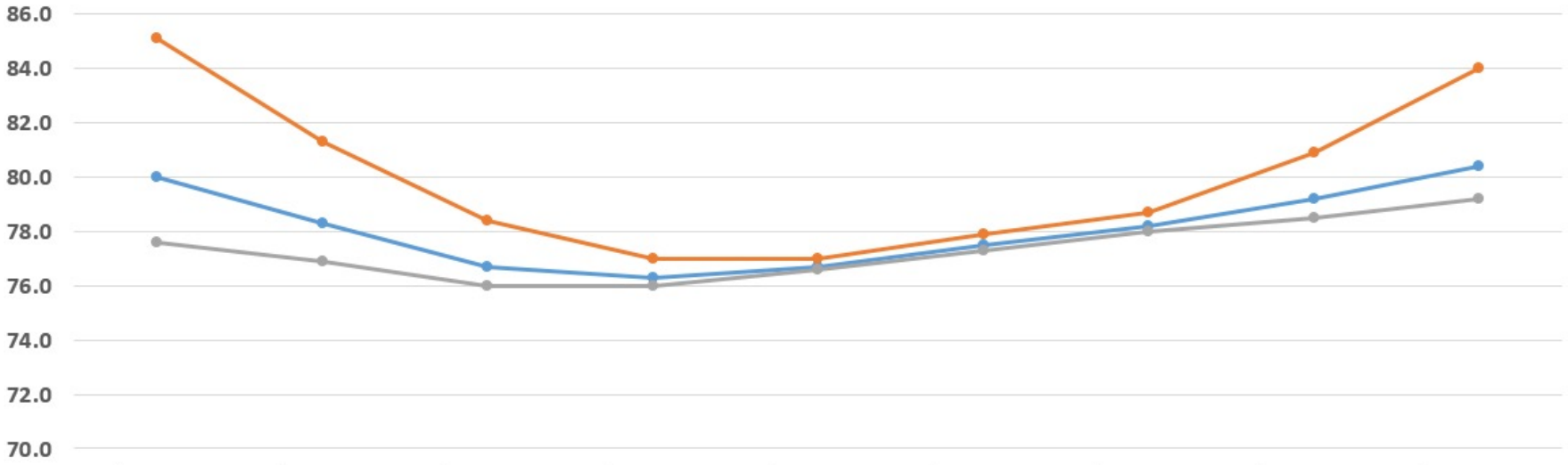
This 10 Year Change has Resulted in …

285 (2018) carriers currently in the market, with **175** of these carriers selling **new business !**

http://www.genre.com/knowledge/publications/medicare-supplement-and-the-market-opportunity.html

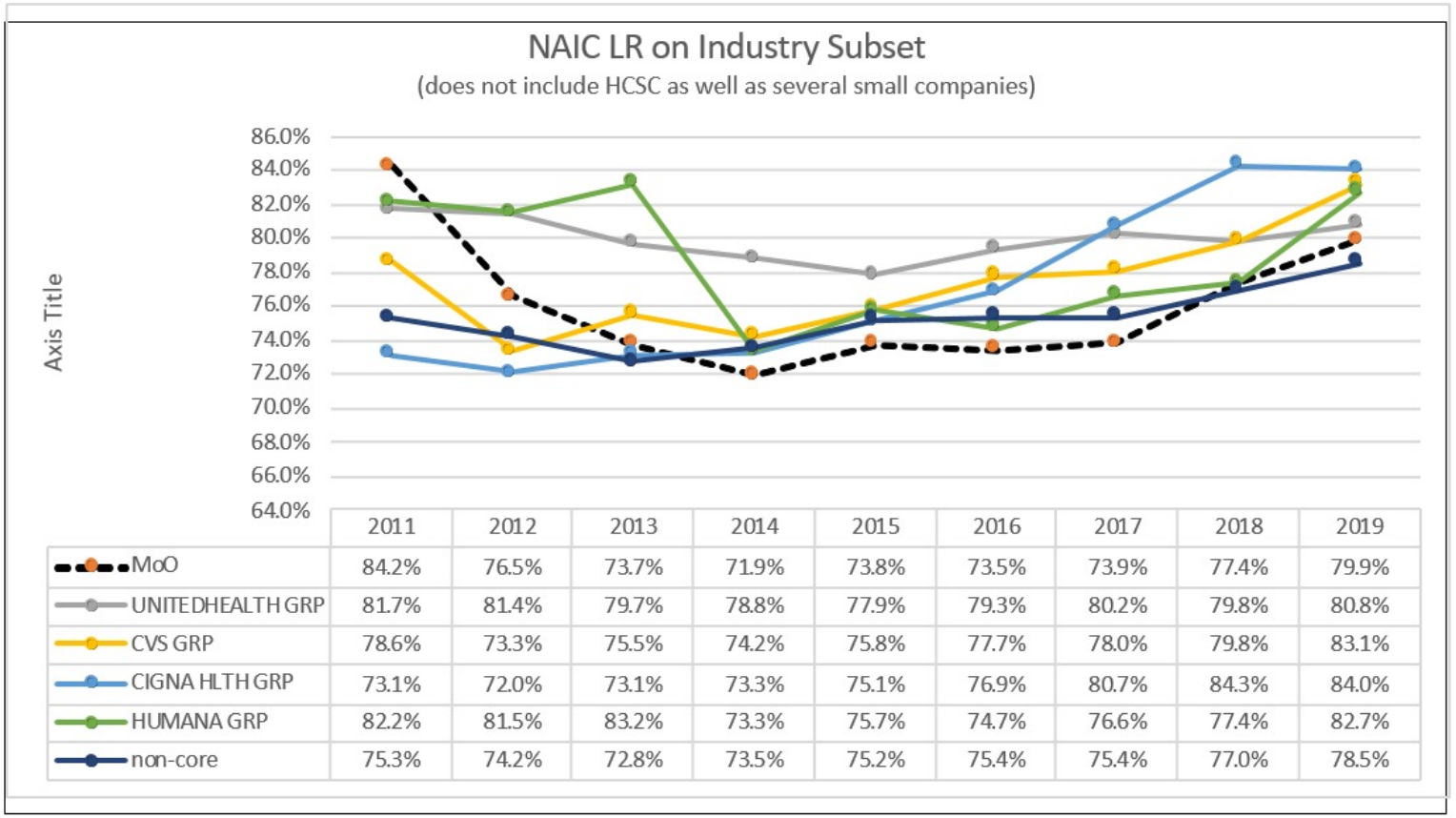
Med Supp Industry New Business loss ratios increasing

NAIC LR on Industry Subset
(does not include HCSC as well as several small companies)



	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total – Subset	80	78.3	76.7	76.3	76.7	77.5	78.2	79.2	80.4
Total – NB	85.1	81.3	78.4	77	77	77.9	78.7	80.9	84
Total - Inforce	77.6	76.9	76	76	76.6	77.3	78	78.5	79.2

Preliminary Med Supp Industry data shows loss ratios increased again in 2019



	2011	2012	2013	2014	2015	2016	2017	2018	2019
MoO	84.2%	76.5%	73.7%	71.9%	73.8%	73.5%	73.9%	77.4%	79.9%
UNITEDHEALTH GRP	81.7%	81.4%	79.7%	78.8%	77.9%	79.3%	80.2%	79.8%	80.8%
CVS GRP	78.6%	73.3%	75.5%	74.2%	75.8%	77.7%	78.0%	79.8%	83.1%
CIGNA HLTH GRP	73.1%	72.0%	73.1%	73.3%	75.1%	76.9%	80.7%	84.3%	84.0%
HUMANA GRP	82.2%	81.5%	83.2%	73.3%	75.7%	74.7%	76.6%	77.4%	82.7%
non-core	75.3%	74.2%	72.8%	73.5%	75.2%	75.4%	75.4%	77.0%	78.5%

Consumer Medicare Choices

	HMO	PPO	HDG	Plan L	Plan N	Plan G	Plan F
Premium Monthly Average	$0	$35	$34	$63	$75	$90	$115
Out-of-Pocket Costs	$4,550 Annual Max	$6,400 Annual Max	$2,340 Deductible	$2,940 Deductible	$198 Part B Deductible Up to $20 Co-pay for Office Visits & $50 Co-pay for ER Visits	$198 Part B Deductible Up to $20 Co-pay for Office Visits & $50 Co-pay for ER Visits	Pays Above Original Medicare
Provider Restrictions	In-Network Providers Only	Optional (Out-of-Network Higher Cost)	Freedom to Choose Provider	Freedom to Choose Provider/ Possible Excess Charges	Freedom to Choose Provider/ Possible Excess Charges	Freedom to Choose Provider	Freedom to Choose Provider

13280_0420

United States Fire Insurance Company rates for T65 female w HHD added in Dallas, TX. MA premiums/costs based on SMS represented carriers in Dallas County.

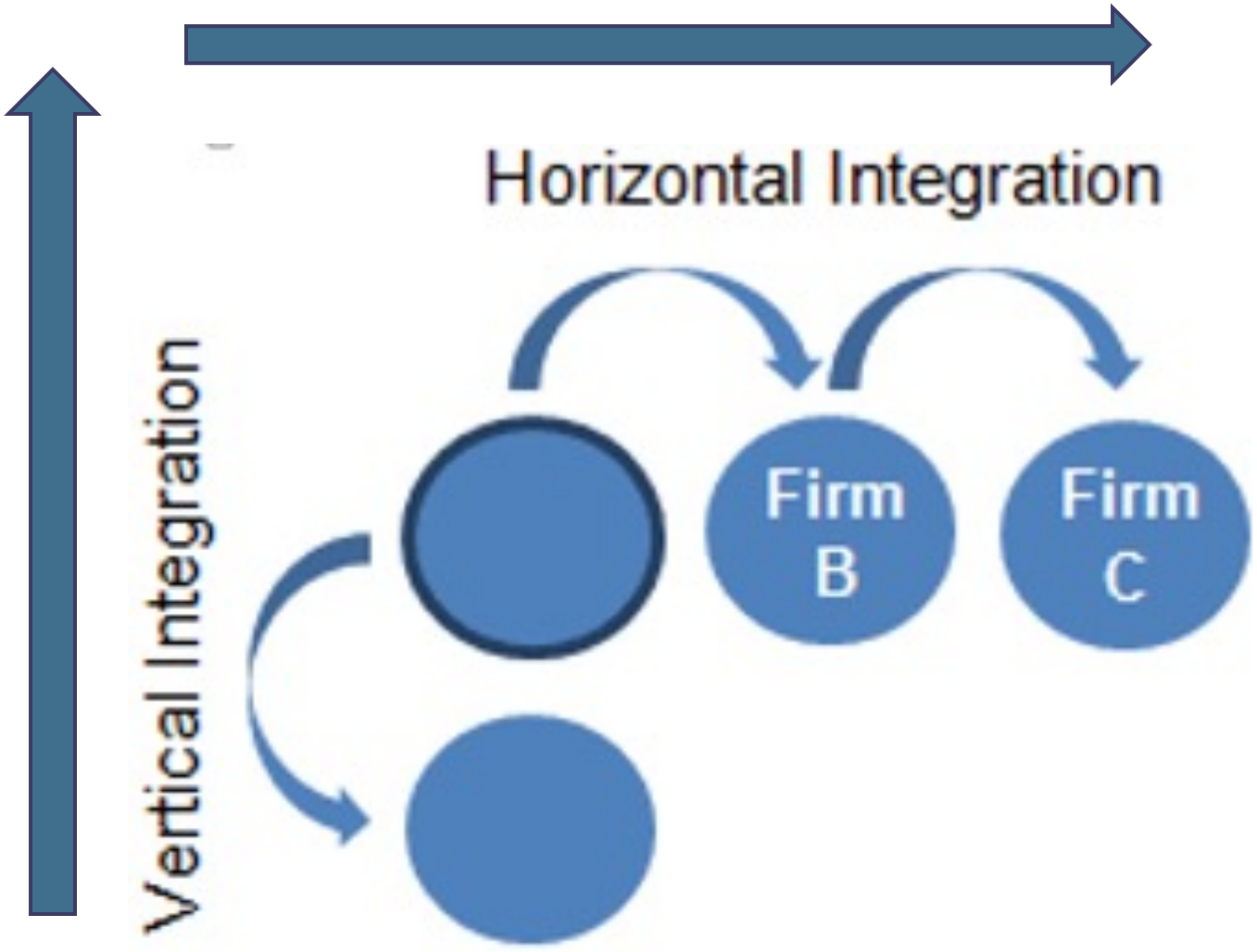
Increasing Consumer Plan Choices During Medical Inflationary Times

- Strategy: Promote plans that increase Consumer choice in addition to traditional MAPD and Plans G, F and N
  - Plan options: L, HDG and N

What is Driving Change

- MACRA impacting Med Supp
- End Stage Renal covered by Medicare Advantage in 2021
- Medicare inflation
- COVID-19 impact on face-to-face appointments
- COVID-19 impact on how seniors access care
- Trend of consumers self-enrollment
- High cost of prescription drugs

Vertical vs. Lateral Carrier Integration



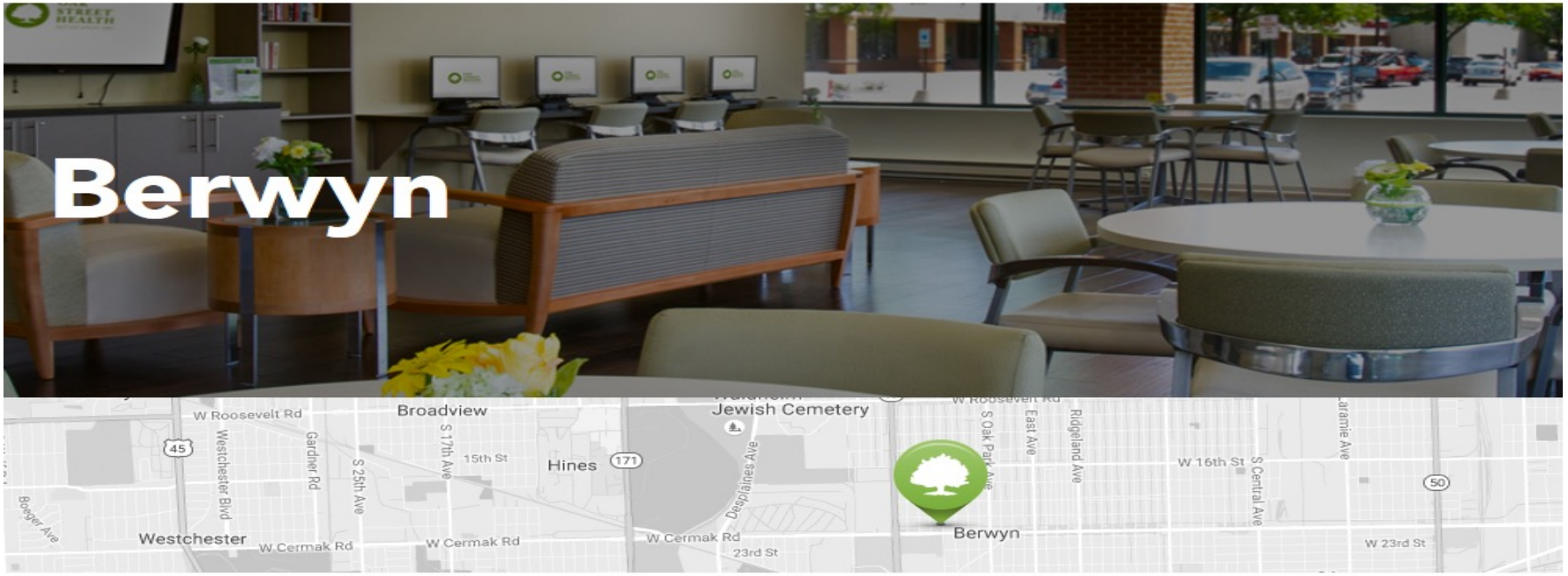
Vertical vs Lateral Integration

- Department of Justice Lawsuit Denied Mergers

Denied
- Aetna and Humana
- Anthem and Cigna

Approved
- CVS and Aetna?
- Humana and Walgreens
- UHC acquiring Davita?

New Models of Healthcare
Oak Street Health



Information

7000 W Cermak Rd, Berwyn, IL 60402

708-484-8090

Monday through Friday, 8:00am to 5:00pm

Services

Pharmacy

Transportation

Podiatry

Languages

AEP Outlook

- Insulin to be capped at $35/mo copay
- Expecting MOOP on MAPD plans to grow from $6,700 to $7,600 and even higher in 2022
- Geographic expansions for major carriers planned
- Continued Significant MA growth
- Slightly slower Med Supp Growth
- Continued Significant Individual Dental Growth

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